



Southside Economic Development Committee

**Monday, January 12, 2004
7th & Franklin Building
B-1 Conference Room
Richmond, Virginia**

MR. ARTHUR: All right, I'd ask everyone to take their seats. I'll call this meeting to order and welcome everyone here. As soon as we finish our agenda, then we'll have a few moments to say what's on your mind. With that, I'll ask Carthan to call the roll.

MR. CURRIN: Mr. Bryant?

MR. BRYANT: Here.

MR. CURRIN: Delegate Byron?

DELEGATE BYRON: Here.

MR. CURRIN: Mr. Hite?

MR. HITE: Here.

MR. CURRIN: Delegate Hogan?

DELEGATE HOGAN: Here.

MR. CURRIN: Mr. Moody?

MR. MOODY: Here.

MR. CURRIN: Mr. Owens?

MR. OWENS: Here.

MR. CURRIN: Secretary Schewel?

SECRETARY SCHEWEL: (No response.)

MR. CURRIN: Mr. Taylor?

MR. TAYLOR: Here.

MR. CURRIN: Ms. Terry?

MS. TERRY: Here.

MR. CURRIN: Mr. Walker?

MR. WALKER: Here.

MR. CURRIN: Delegate Wright?

DELEGATE WRIGHT: Here.

MR. CURRIN: Mr. Vice Chairman?

SENATOR RUFF: Here.

MR. CURRIN: Mr. Chairman?

MR. ARTHUR: Here.

MR. CURRIN: You have a quorum, Mr. Chairman.

MR. ARTHUR: We have two basic items I'd like the Committee to address today, and I think it can be a relatively short meeting. The first item on the agenda is the discussion of two

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1 grant requests that really changes from the original applications that were made. All of you
2 should have that in your packet, and I hope you've read them, the two changes.

3 Before we proceed with this, I have a comment I'd like to make about this. I'd like to see
4 us in the future as a policy not make these changes in midstream. The original applications went
5 through the full process of application review by the professional people and then brought to us
6 with recommendations and we approved them.

7 A year or so later now, the funds have not been used, and we're being asked to transfer
8 them to another project, and they do not get to go through the full process. I'd like to see us in
9 the future if you make an application and you make it for a particular project and if it's not used,
10 the money comes back to the Commission. And if they want to change and make a full request
11 and go through the full process so it is reviewed properly and we do not get caught in a situation
12 where something is not fully reviewed. However, with that being said, we have two of them on
13 the table here today before us.

14 SENATOR RUFF: Mr. Chairman, could I ask the difference between the original review
15 and the review we received today?

16 MR. ARTHUR: Tim.

17 MR. PFOHL: Mr. Chairman, and Senator Ruff, in the case of the Amelia request, that
18 was the same project that had been previously funded so they provided us revised budget
19 information and showing a relatively simple change of the line item expenditures on this project
20 that the Commission previously funded.

21 In the Prince Edward case, these were relatively newer uses and not related to the
22 previous grant award. We asked them to submit a request on the entire Economic Development
23 application so we would have the full range of questions that we asked the respondent to reply to
24 like project summaries, outcomes, budget sources of funding, and so forth.

25 MR. ARTHUR: Basically did not go through the committee process that we set up to
26 review these things.

27 MR. PFOHL: Reviewed by staff.

28 MR. ARTHUR: Reviewed by staff. Any outside people?

29 MR. PFOHL: No, we did not involve the usual outside sources.

30 MR. ARTHUR: That's what I was driving at. The staff has recommended approval on
31 these two along the basic guidelines that we've done in the past. Do I hear a motion on them?

32 MR. WALKER: Move to approve.

33 DELEGATE WRIGHT: Second.

34 MR. ARTHUR: The motion has been made to approve and seconded by Delegate
35 Wright. Any other discussion? Hearing none, all in favor signify by saying aye (Ayes).
36 Opposed, like sign (No response). Then that is approved.

37 DELEGATE HOGAN: Mr. Chairman, in light of what you said, would you consider that
38 instead of having one application time a year to have two? Would that make it easier to deal
39 with? I know people have situations involving their schedules and they leave money in the
40 whole year and got things going on and don't like what they are, would that be an appropriate
41 thing?

42 MR. ARTHUR: Delegate Hogan, we did that, we had a second round.

43 MR. PFOHL: September, October.

44 MR. ARTHUR: I don't know if you were at that meeting.

45 DELEGATE HOGAN: That was to finish up an unspent allocation. But if you don't use
46 it in time, you come back in six months versus a year from now.

1 MR. ARTHUR: I don't have a problem with that, but what we used is unspent money
2 basically the same thing as having two sessions. I think in fact we should have two sessions as
3 we did this year. Does anyone else have a problem with that? Hearing none, we will consider
4 having two sessions as we did this year, one in the spring and one in the fall.

5 MR. CURRIN: We need to look at the minutes.

6 MR. ARTHUR: Did everyone see the minutes that were sent to them and read them?

7 DELEGATE HOGAN: I read them, I move to accept the minutes as transcribed.

8 MR. ARTHUR: There's a motion to accept the minutes.

9 DELEGATE WRIGHT: I'll second it.

10 MR. ARTHUR: Motion is made and seconded to approve the minutes of the last
11 meeting. Any discussion? All in favor, signify by saying aye (Ayes). Opposed, like sign (No
12 response). The minutes are approved.

13 All right. The next item on the agenda is possibly reallocating the set-aside funds that we
14 have and transfer the money to the Technology Fund. I'm going to let Delegate Hogan explain
15 to us why this is necessary.

16 DELEGATE HOGAN: We have approximately \$2 million of unallocated resources in
17 the Southside. A million of it went to Charlotte, and a million of it we're still sitting on,
18 probably about two years, I think that's about right. With the two million, I'd make a motion
19 that we designate that two million for Southside Technology project. With that money plus what
20 I hope we're able to get out of the budget largely this coming year and the rest of it the following
21 year, we ought to have adequate resources to make a really good stab at doing full deployment of
22 this broadband network for all of Southside.

23 We might miss a couple of industrial parks that are really expensive to get to, three
24 million to get to one industrial park, and some don't have anything in them. So as soon as we
25 can work out the details and weed out some of those expensive and far-reaching projects, we will
26 be able to get service into just about every single place, certainly into every locality in one form
27 or another versus doing it piecemeal, and hoping the allocation comes next year and we won't
28 have to go through this process. To make that work, we're going to need a chunk of money.
29 This is going to be part of it.

30 MR. ARTHUR: Delegate Hogan, did I understand that there was a chance to get twice as
31 much chance to get government money if we could come up with this money?

32 DELEGATE HOGAN: We'd have about \$6 million in EDA money and federal money
33 sitting on the table right now and match that, we can get it right now.

34 MR. BRYANT: You will definitely get it?

35 DELEGATE HOGAN: We won't spend ours if we don't get it. I do believe we'll get
36 the \$6 million. That'll basically get us from Patrick to Emporia without the rest of the resources
37 that were laid out. That will be the limit of what we're doing. I think one of the things we'll talk
38 about in the next meeting and that is to make sure we develop a comprehensive plan. And
39 there's a motion made to that effect to cover the bulk of Southside in one plan, and we've got
40 one.

41 MR. ARTHUR: Senator Ruff.

42 SENATOR RUFF: Can you fill us in on the Technology plans a little bit more? How
43 much more do you think this is going to cost totally?

44 DELEGATE HOGAN: I don't know what it's going to cost total, but I think because
45 there's federal money coming from at least one other place to six or seven million dollars, and
46 we're looking at some other resources. Our chunk of it, it looks to me, will be about \$20 million.

1 SENATOR RUFF: From the Tobacco Commission?

2 DELEGATE HOGAN: Yes. We allocated \$5 million to Southwest the last time, and we
3 should get 10 to match that plus this two will make 12, and that's what I'd like to get this next
4 year, and then come back the next year and get 10 again. That's about as fast as they can spend
5 it, number one, get this stuff in the ground. Then, number two, that should get this thing going.

6 MR. ARTHUR: This last year, Senator Ruff, we waived our part of the Technology
7 money to Southwest. We got a commitment next year from Southwest that we would get all of
8 their allocation of Technology money this year with us plus our normal allocation, and that is
9 what Clarke is referring to.

10 DELEGATE HOGAN: They would support us with enough money to do what we want
11 to do if we let them go ahead and do this now and they'd make sure we had the resources to get
12 this thing rolling.

13 MR. ARTHUR: I didn't hear that guarantee.

14 DELEGATE HOGAN: We can look it up in the minutes, I got it on record.

15 DELEGATE WRIGHT: I have a comment on that point. I was concerned about not
16 getting some sort of agreement. We let Southwest have it last time, and I think I even made a
17 motion to that effect, and I think we're in good position on that. I also would like to say that we
18 saw what happened last spring and there was a real concern about what the Tobacco Commission
19 could fund and whether we'd get the payments in April. If we can get this project taken care of
20 with one EDA grant rather than two, then we're lessening the chances of not being able to
21 complete the project.

22 Suppose we had one leg of the project done and something happened to the funds, then
23 from say Halifax or wherever it stopped on to Emporia, we have a problem. This way, they'll
24 have a chance to guarantee the completion of the project, so I will support that a hundred
25 percent, and if you need a motion, I'll make it.

26 DELEGATE HOGAN: One other thing, and I know there's a lot of the same people on
27 both committees. One of the commitments we made with this Technology project is to see to it
28 that we just didn't do a piece of it and hope we could come back next year and do another piece.
29 We made a commitment to do as much as we could of the whole project at one time and figure
30 out how to do that versus what they did in Southwest, which was a little bit more mix and match.
31 The reason Tommy just alluded to is that we don't know what money will be available three or
32 four years from now, and I feel very strong about the fact and to make sure that we don't leave
33 anybody out, we need to get the bulk of this project done or at least enough. So if you don't
34 have the money, you can't come back and do more of it and that we haven't left whole areas out
35 of this project.

36 MR. ARTHUR: I think the federal matching money, we do it now.

37 SENATOR RUFF: I don't have any objection to moving forward, but I'm trying to find
38 out a little bit more because not being on the Technology Committee. You said you're leaving
39 out of couple of sites. When you talk about Patrick to Emporia you're talking about, will this
40 amount of money go toward that project?

41 DELEGATE HOGAN: Patrick to Emporia, the piece that the Tobacco Commission
42 covers is about \$6 million. The problem is that if we say we're going to do the Patrick to
43 Emporia piece and that's all we're going to do, then you'd better tell everybody north of the
44 border that we'll get to them at sometime, and that to me is unacceptable.

45 We have a plan that I think we can adequately fund that'll get if not every industrial park
46 just about so that the whole total area will benefit from this. If you look at the costs of the

1 different industrial parks, there are huge areas, and some of them cost \$100,000 and some cost
2 \$3 million. If there's a park that's going to cost \$3 million and we're pinched for cash and
3 there's nothing in it, we'll probably leave that one until the next time.

4 If you look at the project, we can within reason get everyone in what we're pushing for
5 right now. It is going to require a chunk of money.

6 SENATOR RUFF: The \$2 million added to what we voted for last fall will be matched
7 by how much money?

8 DELEGATE HOGAN: Six, a one-for-one match.

9 SENATOR RUFF: Six from each side?

10 DELEGATE HOGAN: Yes. Not exactly six, but it's roughly six.

11 SENATOR RUFF: There's \$12 million on the table at this point?

12 DELEGATE HOGAN: Yes.

13 SENATOR RUFF: You believe that represents a ball park percentage of the costs?
14 What would that be?

15 DELEGATE HOGAN: A third, maybe 35 percent. One of the things I don't want to do
16 is say we've got this \$12 million project and we're going to do this bit now and we'll get the rest
17 when we get to it. We've got a comprehensive package, and without getting into too much detail
18 and bore everyone to death, that if we fund properly right now, get to Charlotte, Campbell,
19 Cumberland, Buckingham, Dinwiddie, Amelia, if we don't tie this all together, then we've got to
20 go and tell those folks we'll get to you sometime and I don't think that's acceptable. I think we
21 ought to try to get within reason all we can at one time.

22 SENATOR RUFF: Thank you.

23 MR. ARTHUR: Any further comments?

24 MR. MOODY: Along those same lines, and I'm a little new to this, but you're saying the
25 project does eventually include Dinwiddie, Nottoway, and Amelia?

26 DELEGATE HOGAN: It includes every single industrial park in all of Southside.

27 MR. MOODY: That's in the plan, and we'll be asking for grant money in subsequent
28 years?

29 DELEGATE HOGAN: That's what I don't want to leave it to. Before I'd be willing to
30 support matching the EDA funding, then I want to see the budget and the commitment by the
31 Commission to finish this whole project. Otherwise, I'd rather say we'll have every community
32 compete for a little bit of money back and forth. We'll let the EDA money go. I cannot imagine
33 how we're going to say that we're going to have a Southside Technology project and we'll get
34 the 58 Corridor and then get the rest when we feel like it. I don't think that's fair to the folks in
35 Dinwiddie, Buckingham, Charlotte, or anywhere else. We have a package that's reasonable and
36 it can be funded and we'll do it all right now. This is important for some areas, and I think it's
37 worth doing for everybody, and I think we ought to make that commitment in one fell swoop,
38 and that's the position I take.

39 MR. MOODY: I read somewhere from the Department of Commerce you can't apply
40 two years in a row or something like that.

41 DELEGATE HOGAN: From EDA? David could speak to this.

42 MR. PFOHL: The EDA guidelines that have just come down in the last six months say
43 that each year 70 percent of their funding now has to go to an organization they haven't funded
44 in the last five years. That leaves 30 percent of their annual funding amount to go to recent
45 grantees. So what EDA is trying to do is get the Mid-Atlantic Broadband into that 70 percent
46 portion the first year grantee. That's why the amount has increased from 3.35 to 6 million.

1 DELEGATE HOGAN: Mr. Chairman, whether or not we could use more EDA matching
2 money for other pieces remains to be seen. Mid-Atlantic Broadband Cooperative can go to other
3 funding sources other than the Tobacco Commission to get this funding. To make a deal with
4 them to provide this comprehensive package, we are going to have to step up and make sure
5 we're including everyone. That's the way I feel.

6 MR. ARTHUR: Does everybody recognize this includes the \$1 million that Charlotte
7 County is to pay us back over one, two, or three years, however long it is?

8 SENATOR RUFF: I thought we had two million, we don't have two million?

9 MR. ARTHUR: We have one million plus that.

10 SENATOR RUFF: Thank you.

11 MR. ARTHUR: Do I hear a motion?

12 DELEGATE HOGAN: So moved.

13 DELEGATE WRIGHT: Second.

14 MR. ARTHUR: Motion made and seconded by Delegate Wright.

15 MS. TERRY: Can we have a clear statement of the motion?

16 DELEGATE HOGAN: I would move that this \$2 million be set aside for the Southside
17 Technology project and it be used in conjunction with other Technology funds to accomplish the
18 comprehensive broadband solution for Southside Virginia.

19 MS. TERRY: Could I see if I could restate that? It would be allocated subject to the
20 adoption by the Commission and a commitment by the Commission to fund a plan that covers
21 Southside.

22 MR. ARTHUR: Would you like to expand on that a little bit? It's got to go before the
23 full Commission anyway tomorrow.

24 MS. TERRY: As I was hearing this, we would be setting money aside from this phase on
25 the condition that the Commission adopt a plan and commit the funding for the rest of it over a
26 two-year time span. If the Commission did not adopt the plan and did not commit funding the
27 rest of the two years, then this money would not be spent.

28 DELEGATE HOGAN: I'll second it.

29 MR. ARTHUR: The motion is made, and there's a second to it.

30 MS. TERRY: I want to make sure that I understand it, that is that this \$2 million is not
31 turned loose until the Commission has adopted a plan, and the Technology Committee will
32 submit and has allocated and committed prospectively funding over a two-year period. Once
33 that's done, the money is released.

34 SENATOR RUFF: That raises another question. Time-wise, does that affect
35 everything? We're not going to know what we get for a few more months, but does that affect
36 anything?

37 DELEGATE HOGAN: No.

38 SENATOR RUFF: Thank you.

39 MR. ARTHUR: Any further discussion?

40 DELEGATE HOGAN: One comment. It is important that we get the support of the
41 Commission through the budgeting process to adequately fund the rest of the project. Otherwise,
42 I think we've got to revisit it. I would no longer support the step we're on right now without that
43 commitment for the reasons that we've talked about.

44 DELEGATE WRIGHT: I have a question. Do we really want to tie ourselves into two
45 years? Suppose the Commission comes up with a formula that maybe takes three years. Should
46 we not say that the year that happens to be on the plan, we might be putting ourselves in a box by

1 saying two years.

2 MR. ARTHUR: Delegate Hogan, can I get your answer to that question, about the two
3 years?

4 DELEGATE HOGAN: I think realistically that's about how long it'll take to build this
5 thing. I think we ought to, to the extent that that's a restraint, try to fund it adequately in one fell
6 swoop. We shouldn't be picking winners and losers.

7 MR. WALKER: When will the project, when are you going to put the plow in the
8 ground?

9 DELEGATE HOGAN: Right now we have granted a piece of money to Mid-Atlantic
10 Broadband last time if they would do two things. Their board makeup is subject to our approval
11 and they have to have a contract with an acceptable managing manager to manage this thing.
12 Those are contingencies placed on any of our money. That RFP is out right now, I think, and the
13 answers will be due back for that when, Mr. Hudgins?

14 MR. HUDGINS: The only concern I have, Delegate Hogan, is that whatever form this
15 motion takes that it's acceptable to EDA. As long as it binds the Commission to match dollars
16 with federal dollars, we're working against the January 20th deadline to secure that grant.

17 DELEGATE HOGAN: I would suggest, Mr. Hudgins, we'd better make sure that the
18 Commission allocates adequate resources. I've said a hundred times that we're going to go
19 ahead with this EDA piece if the rest of the project is funded. And if it's not funded, I cannot
20 support it. I've told everybody I've ever talked to about that, so the Commission has to make a
21 commitment if they want to see this go forward.

22 MS. TERRY: Mr. Chairman, I'd echo the Technology Committee chairman, that's what
23 our committee determined at the meeting in Abingdon, that was the condition upon which a
24 number of us there voted for that initial motion was that it would all be subject to an RFP and all
25 tied into a commitment by the Commission, which the Commission would choose to do or not do
26 for the whole region. I concur with Delegate Hogan. This was made clear at the meeting in
27 Norton. It's been the position of those of us that were part of the process since that time.

28 SENATOR RUFF: Mr. Chairman, whatever action, Dave, you said you had a January
29 20th date?

30 MR. HUDGINS: Yes.

31 SENATOR RUFF: We have one full Commission meeting tomorrow before that date,
32 and I think we need to make sure this wording is correct before we go off and end up losing this
33 two million.

34 MR. ARTHUR: I was going to ask for a restatement of the motion so we all can have it
35 clear and be satisfied with it. Is someone willing to step forward, Delegate Hogan, and give us
36 that.

37 DELEGATE HOGAN: Ms. Terry did as good a job as I could.

38 MR. ARTHUR: Would you please restate the motion?

39 MS. TERRY: I am deeply concerned that I, and there may be others, is not voting to give
40 money that'll end up hurting the project which will never be completed by the Commission. I'm
41 interested in that, and quite frankly more interested in that since I initially, I personally voted for
42 this back in Norton, which was constituted from the previous Technology Committee meeting at
43 Longwood, absolutely subject to that condition.

44 I think what we can do, Mr. Chairman, is that we can work with counsel and draft
45 language of a motion before the Commission meeting tomorrow to make sure we have language
46 which would accomplish the purposes of Mid-Atlantic Broadband at the same time language that

1 is clear that if this whole project does not go forward and approved by the Commission, the
2 money is not spent.

3 DELEGATE HOGAN: Mr. Chairman, I'll make a stab at it right now. I move we
4 allocate this \$2 million to the Technology Committee to be used for Southside's comprehensive
5 broadband solution if and only if the Commission allocates adequate resources for the whole
6 project for the next two years.

7 MR. ARTHUR: Do I have a second?

8 DELEGATE WRIGHT: Second.

9 MR. ARTHUR: The motion has been made and seconded. Does everybody understand
10 what he just said? If there's no further discussion, all in favor, signify by saying aye (Ayes). All
11 opposed, like sign (No response).

12 All right. The money is transferred with contingencies.

13 The floor is open to the public if anyone has anything they'd like to say to the Southside
14 Economic Development Committee.

15 MR. PFOHL: Mr. Chairman, I'd like to note that we have revised the Economic
16 Development application materials that went out with the Commission's packet. Those are
17 posted on the Commission's website. The Southside Economic Development requests will be
18 due, to be submitted here by March 1st. Those will be presented to the committee in the spring
19 and the full Commission at the May 13th meeting.

20 MR. ARTHUR: The item that we discussed prior to approval on the change of those two
21 requests, is it satisfactory with the Committee that we do not entertain changes on separate
22 projects where they're transferring funds unless it's related to the project that was originally
23 allocated for. We have two sessions, one in the spring and one in the fall. Does everybody agree
24 with that? Do I need a motion for that?

25 MR. WALKER: Do we need a motion or do we table it?

26 MR. ARTHUR: I'd like to get it on the record, but if you want to wait until the next
27 meeting, that's fine. And I keep getting these requests all the time, not going through the proper
28 procedure. Do you want to table it or do you all want to think about it?

29 DELEGATE HOGAN: I think you have the authority as chairman to decide when we're
30 going to consider applications. If you state it as policy that'll be sent out, that may take care of
31 it.

32 MR. ARTHUR: I just wanted everybody to know about it.

33 SENATOR RUFF: I would agree with Gary, maybe table it.

34 MR. ARTHUR: Then I'll decide.

35 MR. WALKER: Are you getting ready to adjourn?

36 MR. ARTHUR: Yes.

37 MR. WALKER: Before you do, can I say something? This change that was made on the
38 Prince Edward project, and I see Ms. Puckett is out there and I feel like I need to say this. For
39 those of you that are not familiar with this project, and they're working on this High Bridge
40 that's really a national treasure. I hope that sometime when we're meeting in that area again,
41 Ms. Puckett and her staff could arrange for us to see what's there and the potential for that area,
42 and I'm speaking of tourism. If you haven't seen High Bridge, it's really something special.
43 Maybe, Carthan, Ms. Puckett can meet with our staff. Carthan, are we scheduled to meet in that
44 area at any time?

45 MR. CURRIN: No, sir.

46 MR. WALKER: Maybe you can arrange that sometime.

1 MR. CURRIN: For this committee, sure, we can do that. I'll be happy to.

2 MR. ARTHUR: Is that all, Mr. Walker?

3 MR. WALKER: Yes.

4 MR. ARTHUR: Any further comments from the committee or from the public? Do I
5 hear a motion we adjourn?

6 SENATOR RUFF: So moved.

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9 **PROCEEDINGS CONCLUDED.**

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12 **CERTIFICATE OF THE COURT REPORTER**

13
14 I, Medford W. Howard, Registered Professional Reporter and Notary Public for
15 the State of Virginia at Large, do hereby certify that I was the court reporter who took down and
16 transcribed the proceedings of the Southside Economic Development Committee meeting on
17 Monday, January 12, 2004, at 1:00 o'clock p.m., at the Seventh and Franklin Building,
18 Richmond, Virginia, 23219.

19 I further certify this is a true and accurate transcript to the best of my ability to
20 hear and understand the proceedings.

21 Given under my hand this 19th day of January, 2004.

22
23
24 _____
25 Medford W. Howard
26 Registered Professional Reporter
27 Notary Public for the State of Virginia at Large

28 My Commission Expires: October 31, 2006.
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